

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 AGRE-00 CEA-01 CIAE-00
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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 4131

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

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USEEC ALSO FOR EMBASSY

E.O.11652: N/A

TAGS: ETRD, UK

SUBJECT: FLORENCE AGREEMENT: IMPLEMENTATION OF ANNEX D

REF: (A) STATE 60577; (B) '77 LONDON 1868; (C) '77

LONDON A-122

1. IMPORTATIONS OF SCIENTIFIC INSTRUMENTS INTO THE UK
UNDER ANNEX D OF THE FLORENCE AGREEMENT HAVE DECLINED
DURING THE PAST YEAR, BUT APPARENTLY THE DECREASE HAS NOT
BEEN GREAT AND IS MORE RELATED TO FACTORS OTHER THAN
CHANGES IN EC REGULATIONS REGARDING ANNEX D.

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2. HISTORICALLY, THE UK HAS USED A BROADER, MORE LENIENT
DEFINITION THAN OTHER EC COUNTRIES TO DETERMINE WHETHER
ITEMS MAY BE IMPORTED DUTY-FREE UNDER THE FLORENCE
AGREEMENT FOR SCIENTIFIC AND EDUCATIONAL PURPOSES. THE
UK HAS ALLOWED DUTY-FREE ENTRY OF SCIENTIFIC AND EDUCATIONAL
"ARTICLES" WHEREAS EC REGULATION 1798 ALLOWS ONLY

THE MORE NARROW RANGE OF SCIENTIFIC "INSTRUMENTS." FOR SOME TIME THE UK HAS BEEN ON THE VERGE OF HARMONIZING ITS REGULATIONS WITH THOSE OF THE EC, BUT MOST RECENTLY HAS HELD UP FINAL ACTION PENDING THE EUROPEAN COURT OF JUSTICE DECISION IN THE DUTCH CASE. WITH THE RESOLUTION OF THAT CASE LAST MONTH, THE UK GOVERNMENT HAS NOW BEGUN TO MORE ACTIVELY BRING ITSELF INTO LINE WITH THE EC. HOWEVER, UNTIL NOW THE GOVERNMENT HAS IN GENERAL MAINTAINED ITS MORE LIBERAL CRITERIA AND THIS HAS MEANT THAT U.S. SALES IN THE UK UNDER ANNEX D APPARENTLY HAVE NOT DECLINED SIGNIFICANTLY. THERE HAS BEEN SOME DECLINE IN U.S. SALES BUT THIS IS LARGELY DUE TO CUT-BACKS IN PUBLIC FUNDS AVAILABLE TO UK INSTITUTIONS WHICH ARE THE MAJOR PURCHASERS UNDER ANNEX D PROVISIONS.

3. NO FIGURES ARE CURRENTLY AVAILABLE WHICH DISAGGREGATE U.S. APPLICATIONS FOR ANNEX D IMPORTATIONS FROM OTHER COUNTRIES, BUT THE SITUATION DESCRIBED IN DETAIL IN REF (B) MAY BE CONSIDERED ROUGHLY INDICATIVE OF PRESENT CONDITIONS. THE EMBASSY HAS NOT RECEIVED ANY TRADE COMPLAINTS WHICH SEEM TO BE RELATED DIRECTLY TO FAILURE TO SECURE DUTY-FREE ENTRY UNDER ANNEX D.

4. U.S. SALES OF SCIENTIFIC INSTRUMENTS TO THE UK UNDER ANNEX D WILL ALMOST CERTAINLY BEGIN DECREASING AS THE UK GOVERNMENT FULLY APPLIES EC REGULATION 1798. IT IS TOO LIMITED OFFICIAL USE

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EARLY TO TELL, HOWEVER, WHETHER THE LOST SALES WILL BE SIGNIFICANT OR NOT.

BREWSTER

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